

**From:** Drew Bradstock <dbradstock@google.com>  
**To:** Woojin Kim <woojink@google.com>  
**Sent:** Fri, 8 Jan 2016 17:07:47 -0500  
**Subject:** Re: article - trial by fire, how 6 header bidders perform  
**Cc:** Scott Spencer <scottspencer@google.com>, Jonathan Bellack <jbellack@google.com>, "muret-staff@google.com" <muret-staff@google.com>, Scott Silver <ssilver@google.com>, Eisar Lipkovitz <eisar@google.com>

One additional point that is important is that other exchanges run non 2nd price auctions that favour pub yield vs advertiser ROI. GDN has provided two fair bids which has increased our bid density and resulting fill and cpm. The others have achieved a higher cpm by manipulating floors as well as clearing prices especially in thin auctions. This means that each exchange may have a different final winning price even with same demand. Coupled with wide gaps in first and 2nd price bids and exchanges compensating for this at the expense of the advertiser and adx may clear at a lower price.

Injecting in multiple exchanges via header bidding means that pubs can find the right auction dynamics for that moment. It can also act as a higher floor on adx which in turn can drive up overall yield for the pub.

Drew

On Friday, 8 January 2016, Woojin Kim <woojink@google.com> wrote:

thanks, former-exchange-PM.

is #1 that big a deal? have we turned away real, legit buysides for policy reasons?

is #2 a big enough a deal that would, again, turn away RTB buyers from participating in AdX? redacting information in RTB would only matter to publishers if doing so caused some buyers to not participate in exchange auctions. but other than that, publishers wouldn't care whether info is redacted or not, and the redaction wouldn't be the impetus for pubs to jump to header bidding.

I can see #3 being a thing.

so do we think with header bidding we're finally entering a world of true, multi-sourced RTB with all "buyer participation" that we weren't able to achieve with the exchange model? is this basically a decentralized exchange where there is no authoritarian intermediary in the form of the exchange operator that inhibited buyer participation?

On Fri, Jan 8, 2016 at 1:11 PM Scott Spencer <scottspencer@google.com> wrote:

[one person's opinion as a former exchange PM :)]

I think what you are citing is correct. Header bidding is trying to solve the same thing (conceptually) as RTB.

That said, RTB is technically superior to header bidding (it's server-side, lower latency, buyer must pay what they claim). The reason header bidding is gaining attention is threefold: 1) we (from a policy perspective) have not allowed all demand into our own RTB, 2) we (from

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a policy perspective) redact some information in RTB that buyers want, and 3) we (from a business perspective) charge a revenue share. Drop those three constraints and RTB >> Header Bidding for buyers and sellers.

On Fri, Jan 8, 2016 at 3:45 PM, Woojin Kim <[woojink@google.com](mailto:woojink@google.com)> wrote:

One thing I don't understand conceptually about header bidding is -- isn't this conceptually what a real-time ad exchange was attempting to achieve? Is header bidding basically the second coming of real-time, multi-sourced auctions in a more comprehensive way than ad exchanges could achieve, because we currently live in a world where no single ad exchange has managed to aggregate all buy-side participants into one auction?

What does this mean for Google -- is AdX supposed to participate as a header bidder, or is GDN and DBM supposed to participate on their own?

On Thu, Jan 7, 2016 at 1:40 PM Jonathan Bellack <[jbellaack@google.com](mailto:jbellaack@google.com)> wrote:

For those of you interested -- this is a good read of one pub sharing their experience with header bidding. Key quotes:

"There's a strong correlation between increasing bidders and increased average CPM performance. We saw a 58% increase in CPMs when running six bidders versus none."

"The theory goes that with more partners all throwing their collective weight against the giant, they can together take away a significant portion of Google's market share. At Sortable, we now see 40% of programmatic revenue generated by partners other than Google and that's an incredible shift."

-- Jonathan Bellack / [jbellaack@google.com](mailto:jbellaack@google.com)  
Director, Product Management / Publisher Ad Platforms

----- Forwarded message -----

From: **Drew Bradstock** <[dbradstock@google.com](mailto:dbradstock@google.com)>  
Date: Thu, Jan 7, 2016 at 3:59 PM  
Subject: article - trial by fire, how 6 header bidders perform  
To: drx-jedi <[drx-jedi@google.com](mailto:drx-jedi@google.com)>

Definitely worth a read as it is a clear summary of header bidding the impact of multiple bidders being woven together.

[https://www.linkedin.com/pulse/header-bidding-trial-fire-how-6-popular-bidders-perform-reid?trk=hb\\_ntf\\_MEGAPHONE\\_ARTICLE\\_POST](https://www.linkedin.com/pulse/header-bidding-trial-fire-how-6-popular-bidders-perform-reid?trk=hb_ntf_MEGAPHONE_ARTICLE_POST)

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-- Woojin

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-- Woojin

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